

# Unintended Consequences.



**How Airlines Use Taxpayer  
Money to Undermine Worker  
Standards in California**

# THE IMPORTANCE OF UPHOLDING STANDARDS FOR AIRPORT WORKERS.

**A**IRPORTS and airline travel help millions of California passengers accomplish their work and connect with their families, enabling our economy to function and helping to showcase our state to the world. **US airlines in turn are making record profits—yet none of this success would be possible without the dedicated employees** that work hard every day to make sure every facet of airport life—handling luggage, pushing customers in wheelchairs, cleaning airplane cabins, ensuring customer safety—is running smoothly.

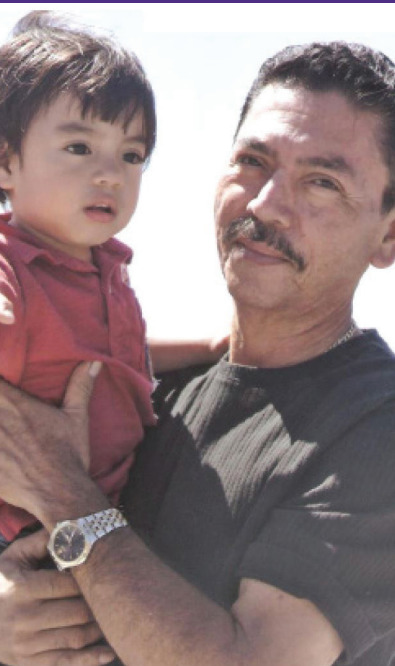
**But the bottom line is it's not easy being an airport worker.** The work is difficult and working conditions for employees can be dangerous—both because of physical demands and heavy equipment, and because of the levels of pollution that workers come into contact with during the course of their day.

In addition, the US Government Accountability Office has identified twelve airports, including Los Angeles (LAX) and San Francisco (SFO) International Airports, that are international travel hubs where passengers face a greater threat of encountering germs—for things like the common cold, but also exposure to dangerous diseases like SARS, multiple forms of influenza, and Ebola.<sup>1</sup> **Passengers are especially at risk in situations where airlines and contractors may be looking to clean cabins with fewer, less experienced staff.**

It helps everyone, workers and passengers alike, when workers are safer, compensation standards are higher, and employers retain more experienced workers with valuable skills and experience. That's why airport workers in California have been fighting long and hard for good union jobs with better standards.

**"Passengers infected with respiratory, gastrointestinal, or blood-borne communicable diseases may contaminate aircraft or airports with bodily fluids."**

— Air Travel and Communicable Diseases, the US Government Accountability Office<sup>2</sup>



## THE AIRPORT IS A DANGEROUS PLACE TO WORK!

**Between 2003 and 2014 there were no fewer than 39 inspections by the CA Division of Occupational Safety and Health triggered by accidents at California airports.** A total of seven airport contractors have been cited or "serious" violations, which are defined as violations which "could result in death or physical harm."

**In February 2014, 51 year-old longtime LAX baggage worker Cesar Valenzuela was killed** when he was thrown from his baggage vehicle (which was not equipped with a working seat belt) and run over by his own truck. His family was left grieving and searching for answers. The reality is that the dangers that surrounded Valenzuela's death were not isolated and workers at other companies and airports face similar dangers, particularly contract employees who often work in unsafe conditions with little oversight.<sup>3</sup>



# Higher Airport Worker Standards = SAFER AIRPORTS.

Multiple studies and industry articles detail the connection between wages, working conditions, turnover, and safety and security at airports.<sup>4</sup> Airport employees provide an important line of defense against aviation-based terrorism and other emergencies, which puts training and experience of workers at a premium. This explains why high turnover in the aviation industry has long been troubling to industry experts. **In 2000, the GAO released a report citing low wages, few benefits and high job stress, as major contributing factors to high turnover rates.**

In their October 2017 Report “The Impact of Wages and Turnover on Security and Safety in Airports: A Review of the Literature”, the UC Berkeley Labor Center concluded “Overall, the evidence indicates that higher wages leads to reduced turnover and better performance by employees, which in turn leads to a safer and more secure environment for both airport employees and the public.”<sup>5</sup>



**MY NAME IS TIM MADDOX.** I’m a wheelchair attendant at LAX and have been a union member in SEIU-USWW for 10 years. **Before we formed our union, people were mistreated, the wages were too low, and we didn’t have rights.** I wasn’t going to stand by and see anybody disrespected at work and I knew our union was the vehicle to change that.

We have come so far together. Since we won our union at LAX, my wages nearly doubled and now I have paid family health care and paid days off. We also passed an ordinance with the city of Los Angeles that takes our pay up to at least \$17 an hour for most people and \$20 an hour for senior employees by 2021.

We did it by coming together across our differences. In fact, most contracted airport workers in the U.S. are

people of color and immigrants. We have different backgrounds and different experiences. That’s our strength. And the policy changes we’ve won are a direct result of all of these workers coming together as one, demanding action together on the steps of Los Angeles City Hall, speaking out with one voice as a union.

We’ve done a lot, but there’s still a long way to go. Even at LAX, we have to keep pushing to keep our heads above the rising costs of living in our area. **And now some airlines want to go backwards and are changing work over to contractors that hire non-union workers so they can treat workers with less respect and less dignity.** We intend to be there every step of the way fighting to make sure they do the right thing.



## The Person Who Directed SFO for 20 Years Agrees: Worker Standards Matter.

“Since its creation in 1999, this program (the Quality Standards Program, or QSP—which instituted higher wages for service and security workers) has proven effective in reducing high employee turnover, while improving training

standards for employees at SFO. The QSP reflects my belief that the entire employee community at SFO must work together to provide the highest level of safety and security. This community is comprised of airlines, the many airline service providers, and thousands of employees working collectively to continually enhance safety and security for the 48 million annual passengers we serve at SFO.” —**John L. Martin, San Francisco International Airport Director 1995-2016**



# THE STATEWIDE TRAVEL PROGRAM:

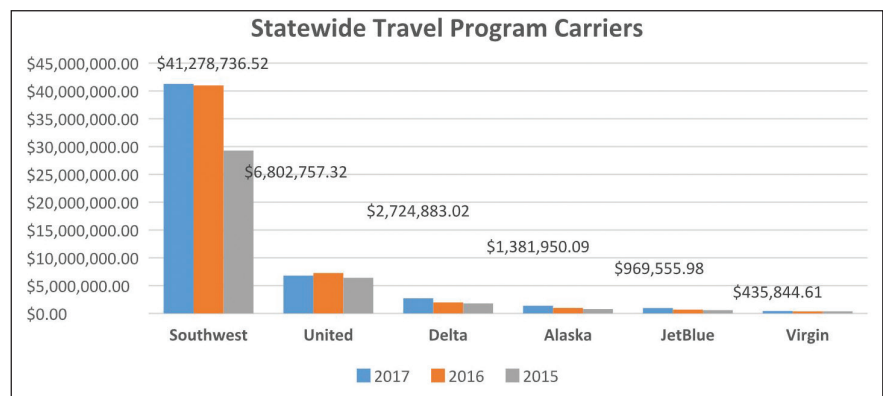
**O**NE example of how airlines receive taxpayer money in support of their business is the California Statewide Travel Program (STP.) The STP is a discount travel program used by state and local governments for airline travel. According to the Department of General Services (DGS), the program “assists government travelers’ needs by obtaining the most economical rates and fares through contracted travel-related services.”<sup>7</sup>

The STP is an important program that helps employees from numerous local and state governmental agencies conduct work and deliver valuable services to California residents and visitors. All state agencies under the Governor’s purview have been mandated to use this program for all travel for all employees since 2014.<sup>8</sup>

Participation for any other state or local government agency is voluntary, but several look to take advantage of the lower travel costs associated with the program. The total in taxpayer dollars spent is impressive—over \$97 million spent in 2017 on airfare and rental cars.<sup>9</sup>

| Top Three STP Users By Spending 2015-2017 <sup>4</sup> |                |                |                |
|--|----------------|----------------|----------------|
| STP User   | 2015           | 2016           | 2017           |
| DEPARTMENT OF CORRECTIONS AND REHABILITATION           | \$1,851,599.71 | \$7,895,090.56 | \$8,150,763.32 |
| DEPARTMENT OF TRANSPORTATION - CALTRANS                | \$3,951,796.58 | \$4,603,154.66 | \$4,720,055.41 |
| COUNTY OF LOS ANGELES                                  | \$4,760,734.35 | \$5,040,603.14 | \$5,219,614.94 |

| Spending on Southwest through STP 2015-2017                           |             |             |             |             |            |                    |
|---|-------------|-------------|-------------|-------------|------------|--------------------|
| Optional Program Participants (not under Governor's direct authority) | 2015        | 2016        | 2017        | Grand Total | % of Total | Running % of Total |
| STATE BOARD OF EQUALIZATION   | \$1,604,417 | \$1,523,004 | \$1,292,706 | \$4,420,127 | 14.52%     | 14.52%             |
| COUNTY OF LOS ANGELES   | \$1,334,908 | \$1,606,853 | \$1,437,626 | \$4,379,387 | 14.39%     | 28.91%             |
| DEPARTMENT OF JUSTICE   | \$787,279   | \$1,302,988 | \$1,169,856 | \$3,260,123 | 10.71%     | 39.62%             |
| DEPARTMENT OF EDUCATION   | \$902       | \$752,333   | \$1,147,126 | \$1,900,361 | 6.24%      | 45.86%             |
| COUNTY OF SACRAMENTO  |             | \$728,930   | \$1,134,831 | \$1,863,762 | 6.12%      | 51.98%             |
| DEPARTMENT OF INSURANCE   | \$294,480   | \$463,992   | \$482,384   | \$1,240,855 | 4.08%      | 56.06%             |
| COUNTY OF SANTA CLARA   | \$340,016   | \$396,075   | \$402,560   | \$1,138,652 | 3.74%      | 59.80%             |
| PUBLIC UTILITIES COMMISSION   | \$103,715   | \$297,911   | \$347,786   | \$749,412   | 2.46%      | 62.26%             |
| CA COMMUNITY COLLEGES   | \$216,887   | \$250,960   | \$268,390   | \$736,238   | 2.42%      | 64.68%             |
| STATE CONTROLLER'S OFFICE   | \$163,347   | \$334,360   | \$231,690   | \$729,397   | 2.40%      | 67.08%             |
| LOS ANGELES DEPT OF WATER AND POWER                                   | \$203,196   | \$234,491   | \$283,328   | \$721,015   | 2.37%      | 69.45%             |
| CSU CHANCELLOR'S OFFICE   | \$29,172    | \$224,680   | \$380,047   | \$633,899   | 2.08%      | 71.53%             |
| CITY OF LOS ANGELES   | \$178,820   | \$249,784   | \$183,910   | \$612,513   | 2.01%      | 73.54%             |
| SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD)                          | \$157,690   | \$299,114   | \$143,192   | \$599,996   | 1.97%      | 75.51%             |



**Southwest Airlines** is currently the “preferred provider” of the STP and as a result gets the majority of business from this program—**over \$41 million in 2017 alone.**<sup>10</sup>



# UNINTENDED CONSEQUENCES:

## How Taxpayer Money Ends Up Undermining Airport Worker Standards.

**W**ith such large amounts of taxpayer money going to airlines through programs like the State Travel Program, and the proven importance to workers and travelers alike to maintain the highest possible standards at California airports, you would expect airlines to help airport employees who live and work in California to also receive the benefits of that arrangement.

Instead, airlines like Southwest and American have recently been switching passenger service jobs that were previously union to irresponsible non-union contractors, all in the name of cutting corners and increasing profits.

## Switching Employees to Irresponsible Non-Union Contractors Is Often Devastating.

**MY NAME IS BARBARA GOMEZ.** I have been working at LAX for the last 6 years as a cabin cleaner.

Six months ago, American Airlines switched my work and the work of other cabin cleaners from a union contractor to a non-union contractor called JetStream. **The change to a non-union employer has been horrible. JetStream's method of cabin cleaning makes our work time consuming and exhausting.**

My former union employer used to have a high lift truck that would allow the cleaners to get their cart to a point right outside the cabin door. JetStream requires us to walk from plane to plane all night dragging our carts on the tarmac, and climb stairs up to the planes with our heavy supplies in hand.

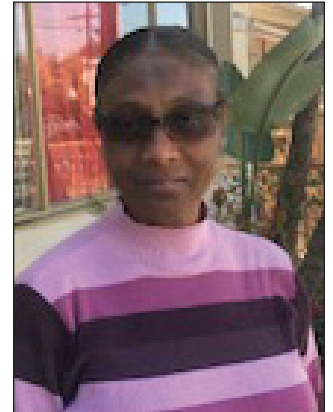
When it rains, we get cold and wet because Jet Stream doesn't give us rain gear. **Throughout my 6 years I worked with my former employer my body felt OK despite the**

**conditions we worked in. But after just a few months with JetStream my body feels like it's breaking down.**

Even younger employees are complaining that it is exhausting. Someone's going to hurt themselves eventually.

On top of it all I have asthma and dragging the cart makes my chest hurt. I often have shortness of breath. Then inside the plane the air is hot. There's not enough oxygen. I just do my best because I have to work. When I come home, I am completely exhausted and can't do anything.

When JetStream took over, workers were told we would keep our seniority, but it was a lie. It hasn't happened. **When we had a union we were able to negotiate and make our jobs more efficient. We had more rights and better health benefits.**



## Give an Irresponsible Contractor an Inch... AND THEY'LL STEAL YOUR WAGES.

In 2014, a major domestic airline awarded their cabin cleaning contract at LAX to Gate Gourmet, who refused to honor the LAX Living Wage Ordinance, or the contract the workers already had with their union SEIU-USWW.<sup>11</sup> **After taking over, Gate Gourmet put 105 employees out of work, slashed worker health care and cut wages nearly in half.**

After years of delay and another union election in which 100% of the workers voted to rejoin SEIU USWW, **the City of Los Angeles forced Gate Gourmet to pay workers approximately \$3 million dollars for Living Wage violations.**<sup>12</sup> Gate Gourmet subsequently walked away from this cabin cleaning contract and the airline gave the cabin cleaning work back to the same union contractor they had dumped in favor of Gate Gourmet.



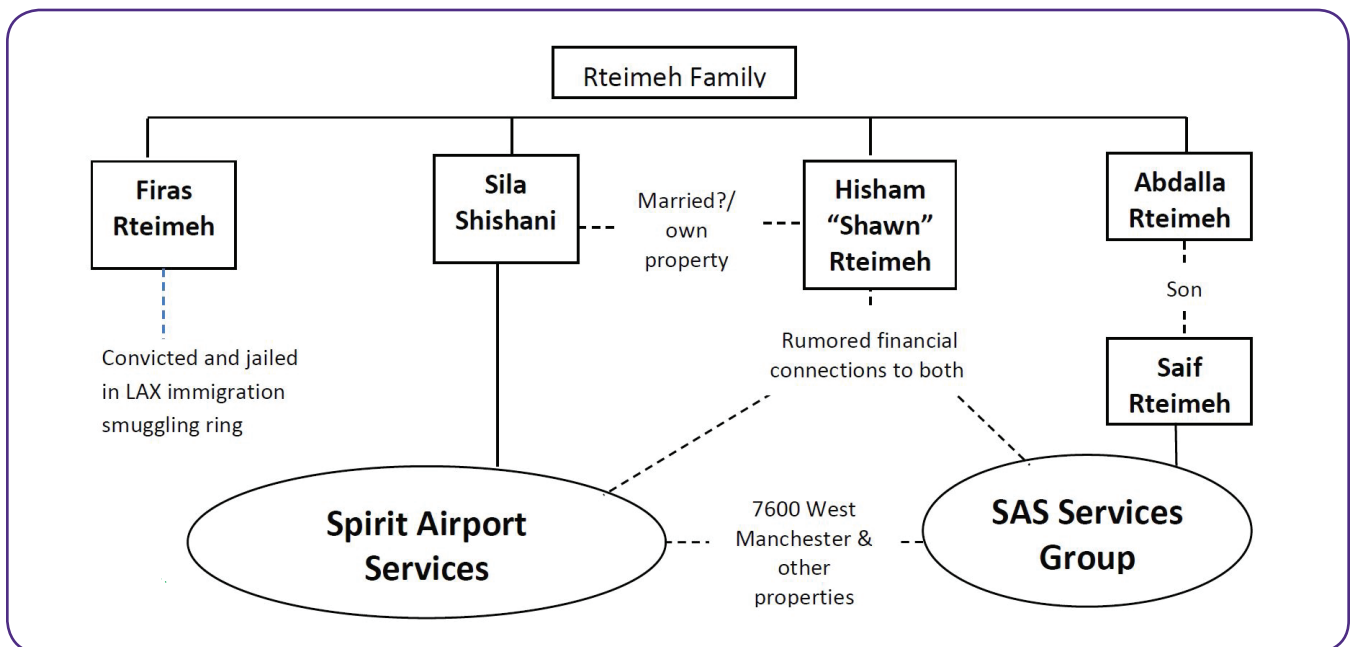
# S.A.S SERVICES GROUP:

Giving Irresponsible Contractors an (**Even Worse**) Name.

**O**NE irresponsible contractor stands out above the crowd: **S.A.S. Services Group**, a company who Southwest Airlines recently awarded passenger service work to at LAX—work that had previously been done by union airport employees.

**S.A.S. is owned by the Rteimeh family. The Rteimeh family have run airport contracting businesses that:**

- ✗ Have been cited for nearly \$1,000,000 in wage theft from its employees at LAX in 2014<sup>13</sup>
- ✗ Settled a wage theft case for \$450,000 with San Diego employees in 2017<sup>14</sup>, and
- ✗ Are dealing with a third active wage theft case currently in the courts related to LAX employees.<sup>15</sup>



**S.A.S. President Sai Rteimeh** spending some of his California taxpayer money.

## MY NAME IS MARIA ROMERO.

I started at LAX in 2006 as an x-ray screener. **My work has been switched a few times between contractors, but it was always union, until recently when Southwest switched us to a non-union company called S.A.S.** I still do security work, monitoring the cameras, doing crowd control, and other tasks to help secure the airport.



I saw the difference when we switched to S.A.S. immediately. Attendants regularly push 2 wheelchair passengers at the same time. They pack wheelchair passengers like sardines into elevators and send them to a different floor unattended, then they let someone else “unpack” them.

We rarely see management around the worksite. There is no support for issues that come up. It feels like S.A.S. is not professional in dealing with their employees. The attitude I gets when I raise issues is “it’s your problem.” It just seems to be all about money to them, they don’t care.

**When Southwest switched us to S.A.S., I lost most of my health insurance.** Now I can’t afford to get new glasses, which makes it more difficult for me to monitor the security cameras. I am often stationed on the A Cams where I’m watching a small screen for someone going through a checkpoint without an appropriate badge. Workers in this position can’t hear alarms, so **the terminal and passengers are depending on our ability to see details. So why won’t SAS cover us to have updated eye prescriptions?**

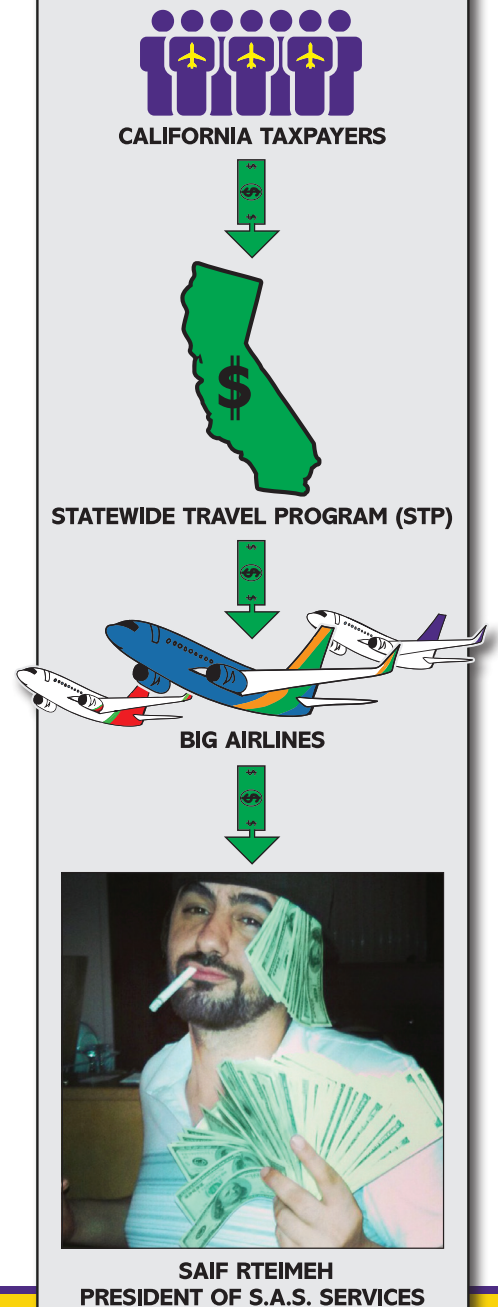
My work hours have been reduced. I lost my seniority rights. **Most important to me, I don’t have any job security. I feel like any given day, I can be fired for anything.** With our Union, we had job security. We had better health benefits. We had more work hours.

# THE NEED FOR OVERSIGHT.

**T**HE airline industry is too important to let the rush for higher profits cut corners that endanger workers and travelers alike. We all need airlines and airports to contribute to creating and maintaining environments that showcase and represent the best California has to offer. **Everyone—especially passengers—benefit from the lower turnover and higher levels of airport health and safety that come from ensuring airport jobs are good union jobs with family healthcare and living wages.**

It’s in the best interests of airport workers, travelers, and all Californians to ensure standards are increased and upheld for airport employees throughout our state. **Airports, airlines and airline contractors who benefit directly from our tax dollars must do more to comply with our laws, support good union jobs, and ensure the health safety of all workers and passengers.**

## CALIFORNIA STATEWIDE TRAVEL PROGRAM:



**Using Taxpayer Dollars to Bring Down California Worker Standards?**







***LAX Employees Unite Towards Higher Standards on the Steps of Los Angeles City Hall in 2017.***

## **END NOTES**

- 1) AIR TRAVEL AND COMMUNICABLE DISEASES, GAO-16-127, December 2015, p.48
- 2) *ibid*
- 3) County of Los Angeles Autopsy Report #2014-01392, Valenzuela, Cesar, p.1, p.17
- 4) Course Correction, Dietz/Hall/Jacobs, Regents of University of California, October 2013
- 5) The Impact of Wages and Turnover on Security and Safety in Airports: A Review of the Literature, Gallear, Regents of the University of California, October 2017, p.1
- 6) Press Release, "SFO Enhances Safety & Security With QSP Revision", FLYSFO, October 13, 2015
- 7) <https://www.dgs.ca.gov/OFAM/Travel/About>
- 8) Management Memo #MM-14-03, 3/6/14, pursuant to Executive Order 8-06-11
- 9) CA Dep't of General Services response to California Public Records Act request, available for review upon request
- 10) *ibid*
- 11) National Labor Relations Board Case #31-RC-129327, March 23, 2016
- 12) City of Los Angeles, Office of Contract Compliance, Bureau of Contract Administration, Letter of NON COMPLIANCE WITH THE LIVING WAGE ORDINANCE, March 17, 2016
- 13) CA Dep't of Industrial Relations, Division of Labor Standards Enforcement, Wage Citation #WA:100076, October 20, 2014
- 14) San Diego County Superior Court, Encarnacion v SAS Services Group Inc, Case #37-2017-00026726-CU-OE-CTL, July 21, 2017
- 15) Los Angeles County Superior Court, Elkhoully v SAS Service Group Inc, Case #BC697737, March 12, 2018

